United Nations A/73/370

General Assembly

Distr.: General
6 September 2018

Original: English

Seventy-third session
Item 137 of the provisional agenda*
Programme budget for the biennium 2018–2019

Progress report on the implementation of a flexible workplace at United Nations Headquarters

Report of the Secretary-General

Summary

The present report is the third annual progress report on the implementation of flexible workplace strategies at United Nations headquarters submitted pursuant to section XI of General Assembly resolution 72/262 A. The report provides an update on the status of the project since the second annual progress report (A/72/379) and responds to requests contained in the above-mentioned resolution.

The present report shows that implementation of the project has proceeded over the past year in accordance with the plan outlined in the previous report of the Secretary-General. As at August 2018, 13 floors of the Secretariat Building had been reconfigured to a flexible workplace; a total of approximately 1,550 staff members in the Secretariat were working in a flexible workplace; and an additional capacity that could accommodate 690 staff had been added in the Secretariat since the beginning of the project. In April 2018, the United Nations Federal Credit Union Building in Long Island City was vacated as planned and the project is on track to vacate the Innovation Building when the lease expires at the end of September 2018. With the termination of these leases, the project will have achieved a reduction in annual recurrent rental costs of $16.3 million for the Organization.

As requested by the General Assembly, the report presents a schedule and plan for the completion of the project. The Assembly is requested to take note of the project plan and to approve the continuation of the project, as well as the three temporary positions for the project team. The Assembly is further requested to authorize the Secretary-General to enter into commitments up to the amount of $12,700,600 in respect of the project costs in 2019 and appropriate the amount of $6,586,600.

* A/73/150.

18-14822 (E) 021018

Please recycle

I. Introduction

1. The present report provides an update on progress in the implementation of flexible workplace strategies at United Nations Headquarters since consideration by the General Assembly during the main part of its seventy-second session of the second annual progress report of the Secretary-General on this topic (A/72/379). The present report is submitted pursuant to section XI of Assembly resolution 72/262 A and responds to requests contained in paragraphs 5, 6, 7, 8, 9, 11 and 13 of that section.

II. Background

2. In 2013, in his report (A/68/387), the Secretary-General presented the results of a study into the feasibility of implementing flexible workplace strategies at United Nations Headquarters to the General Assembly at its sixty-eighth session. On the basis of that report, the Assembly, in section IV, paragraph 5, of its resolution 68/247 B, requested the Secretary-General to submit a business case for the application of flexible workplace strategies at United Nations Headquarters.

3. The Secretary-General presented a report that incorporated a business case for the application of flexible workplace strategies at the United Nations (A/69/749) to the General Assembly at its sixty-ninth session. Since then, the Secretary-General has submitted two further reports on implementation of such strategies (A/70/708 and A/72/379).

4. After having considered the second progress report of the Secretary-General, and the related report of the Advisory Committee on Administrative and Budgetary Questions (A/72/7/Add.29), the General Assembly, in its resolution 72/262 A, section XI:

(a) Reaffirmed that flexible workplace strategies in the United Nations should be aimed at improving the overall productivity and efficiency of the Organization, as well as the staff workplace environment;

(b) Requested the Secretary-General to ensure full compliance with its decisions and full cooperation with the implementation plan for the project, while meeting the needs of staff and ensuring their well-being and productivity;

(c) Recalled paragraph 5 of section XVI of its resolution 71/272 A, and reiterated its request that the Office of Human Resources Management of the Secretariat assess in detail the impact of the flexible workplace on productivity and provide reliable qualitative and quantitative benefit indicators as well as other factors for the improvement of overall productivity and staff well-being, and report thereon in the context of the next progress report;

(d) Requested the Secretary-General to continue with the implementation of flexible workplace strategies in New York in 2018, with a maximum number of 140 staff per floor, and to report thereon at the main part of the seventy-third session of the General Assembly;

(e) Recalled paragraph 4 of the report of the Advisory Committee, and reiterated its requests that the Secretary-General carefully analyse and apply the lessons learned from the outcome of the pilot programme and report thereon in the next progress report;

(f) Noted the decrease in the current revised project costs, and requested the Secretary-General to revisit his cost estimates for the implementation of the project and to review the methodology and underlying assumptions so as to arrive at a reliable

cost estimate for the project and to provide updated information in this regard in his next report;

(g) Recalled paragraph 9 of the report of the Advisory Committee, which addressed the impact of a flexible workplace on flexible working arrangements, particularly telecommuting, and requested the Secretary-General to include relevant data in his next report;

(h) Reiterated its request to the Secretary-General to seek complementarities between flexible workplace strategies and flexible working arrangements, and in that regard requested him, under the guidance of the interdisciplinary working group, to provide information on arrangements for staff to work in remote locations, including from home, with an emphasis on addressing the requirements of staff with special needs, including those with disabilities, the elderly, expecting parents and parents with newborn or young children;

(i) Recalled paragraph 14 of section XVI of its resolution 71/272 A and decided that flexible working arrangements would be an integral part of all flexible workplace strategies, and requested the Secretary-General to update his bulletin on flexible working arrangements and to report thereon in his next report;

(j) Emphasized the central coordination and oversight role of the Office of Central Support Services of the Department of Management of the Secretariat in the management of rental properties;

(k) Requested the Secretary-General to explore options for the self-financing of the project and to report thereon in the context of his next report to the General Assembly for its consideration.

III. Project status

5. As at August 2018, a flexible workplace had been implemented on 13 floors of the Secretariat Building and one other floor was in the process of reconfiguration. To date, the project has resulted in additional capacity of 690 staff in the Secretariat Building and has enabled the organization to terminate three leases in commercial buildings as planned and as shown in table 1 below.

6. In early 2018, primarily to enable the moves required for the Innovation Building to be vacated, the 7th floor of the Secretariat Building was added to the project. Nevertheless, as the implementation of a flexible workplace on floors 12 and 20 involved implementation on partial floors and thus the floors were less costly to reconfigure, it is possible to implement the project on 27 floors within the same overall project cost estimate as previously planned for 26 floors.

7. The sequence of moves, floor reconfigurations and major project milestones (both implemented and planned up to September 2018) are shown in table 1.

Table 1
Sequence of moves and major project milestones to date

Secretariat floor	*Groups moved out to swing space*	*Move date to swing space*	*Groups moved back after reconfiguration*	*Move date to reconfigured floor*
13	Office of Information and Communications Technology and Office of the United Nations High Commissioner for Human Rights	Jan. 2016	Office of Information and Communications Technology, plus Office of Information and Communications Technology staff from the United Nations Federal Credit Union Building in Long Island City	Jun. 2016
18	Office of Human Resources Management	Jan. 2016	Office of Human Resources Management plus Office of Human Resources Management staff from the DC1 Building	Jun. 2016
19	Office of Human Resources Management	Jan. 2016	Office of Human Resources Management	Jun. 2016
Vacating of Daily News Building (April 2017)				
12	Department for General Assembly and Conference Management	Apr. 2017	Department for General Assembly and Conference Management, including some Department staff from the Albano building	Jul. 2017
20	Office of Central Support Services and the Peacekeeping Financing Division of the Department of Field Support	Jul. 2017	Office of Central Support Services, plus Executive Office of the Department of Management from S-21 and Facilities and Commercial Services Division from the FF building	Oct. 2017
21	Office of Programme Planning, Budget and Accounts	July 2017	Office of Programme Planning, Budget and Accounts, including some staff from the FF building, and Peacekeeping Financing Division from S-20	Oct. 2017
14	Logistics Support Division of the Department of Field Support	Nov. 2017	Logistics Support Division plus some Logistics Support Division staff from DC1	Feb. 2018
30	Department for General Assembly and Conference Management and Peacebuilding Support Office	Nov. 2017	Department for General Assembly and Conference Management and Office for Disarmament Affairs	Mar. 2018

Secretariat floor	*Groups moved out to swing space*	*Move date to swing space*	*Groups moved back after reconfiguration*	*Move date to reconfigured floor*
31	Office for Disarmament Affairs, Office of the Special Representative of the Secretary-General for Children and Armed Conflict and Office of the Special Representative of the Secretary-General on Sexual Violence in Conflict	Jan. 2018	Office of the United Nations High Commissioner for Human Rights from S-13, and the Office of the Special Representative of the Secretary-General for Children and Armed Conflict and the Office of the Special Adviser to the Secretary-General for the Prevention of Genocide from DC1	Apr. 2018
Vacating of United Nations Federal Credit Union Building (April 2018)				
17	Department of Field Support and Department of Peacekeeping Operations	Feb. 2018	Field Personnel Division/ Department of Field Support from DC1	May 2018
7[a]	United Nations Operations and Crisis Centre, Department of Safety and Security, Department of Public Information and Department of Peacekeeping Operations	Mar. 2018	United Nations Operations and Crisis Centre, Department of Safety and Security, Department of Public Information and Department of Peacekeeping Operations, plus some Department of Peacekeeping Operations staff from S-17	Jul. 2018
11	News and Media Division of the Department of Public Information	Apr. 2018	Department of Public Information, plus some Department staff from the Innovation building	Jul. 2018
10	Office of the Under-Secretary-General, Strategic Communications Division and Executive Office of the Department of Public Information	May 2018	Office of the Under-Secretary-General of the Department of Public Information, plus some Department staff from the Innovation building	Aug. 2018
9	Outreach Division of the Department of Public Information and Office of Internal Oversight Services	Jun. 2018	Outreach Division of the Department of Public Information and Office of Internal Oversight Services, plus Department of Public Information staff from Innovation building	Sep. 2018 (planned)
Vacating of Innovation Building (September 2018)				

[a] The 7th floor was reconfigured in two phases.

IV. Lessons learned and occupant survey of May 2018

8. The flexible workplace project entails ongoing engagement with users as an integral element. Through this engagement, lessons are continually being gathered from all floors where a flexible workplace has been implemented and, when deemed necessary, adjustments are made and incorporated into the implementation of subsequent phases.

9. As noted in previous reports, a fundamental element of that engagement is the programming and planning approach used to assess departmental requirements and determine any customization needs (see A/70/708, paras. 19–25). Experience has shown that this comprehensive assessment process, which includes consultation with staff representatives of the departments or offices concerned, is essential for the successful deployment of flexible workplace strategies. Once staff have occupied flexible workplace floors, continued engagement remains key to ensuring that any issues are identified, addressed and taken into account in the future implementation of the project.

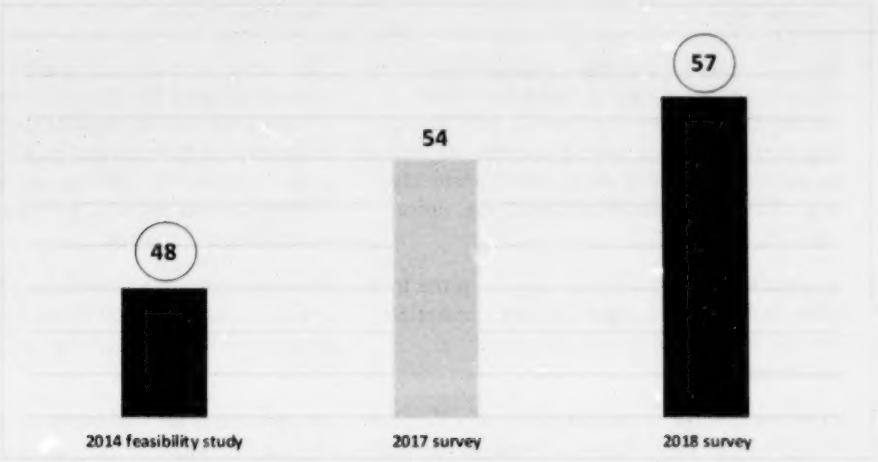
10. As part of this ongoing assessment, regular surveys have also been undertaken after staff have reoccupied renovated flexible workplace floors. In this context, in May 2018, a further study was conducted of the occupants of floors 12, 14, 20 and 21 of the Secretariat Building. These floors had been reoccupied in the period between July 2017 and February 2018. The study used the same combination of an online survey, on-site observation of the floors concerned and focus group discussions that had been utilized in 2017 (see A/72/379, paras. 15–21).

11. As detailed in the previous report of the Secretary-General, while productivity itself remains difficult to measure, it is considered reasonable to use workplace satisfaction as a proxy for productivity. Though not a direct measure, workplace satisfaction can have a direct relationship to productivity, as staff tend to develop positive attitudes and behaviours when their environment facilitates their ability to do well. In this regard, a connection is drawn between overall staff satisfaction with the workspaces; the degree to which staff report that the workspaces support their various kinds of work, i.e. workspace effectiveness; and overall productivity. In this context, the workplace performance index, which has been utilized in surveys over the past few years, can provide valuable insights, particularly if changes are assessed over time (see A/72/379, paras. 24 and 25).

12. The May 2018 survey had a high response rate, of around 50 per cent. In addition to the survey, two one-hour focus group sessions were conducted with a cross section of staff from different offices and departments, involving a total of 20 participants.

13. The main finding was that the overall score for staff satisfaction and workplace effectiveness as measured by the workplace performance index continued to rise, as shown in figure I. It is recalled that the survey carried out as part of the feasibility study in 2014 measured staff views on their workplaces prior to the implementation of a flexible workplace. As such, that study provides the baseline assessment against which to gauge the impact of flexible workplace strategies on staff perceptions of their workplace environment at United Nations Headquarters.

Figure I
Workplace performance index



14. Most of the focus group participants reported preferring the new flexible workplace to their former office environment. Staff stated that they greatly appreciated the natural light and access to more of their colleagues and spaces like the work lounge for a variety of activities. Comparing the survey results from respondents on different floors, the satisfaction rate and workplace performance were rising on the floors where staff operated in the flexible workplace environment as intended. At the same time, other groups that seemed to struggle with adherence to the required guidelines for flexible workplace showed a lower satisfaction rate.

15. With respect to individual productivity, staff members expressed, on average, a higher overall satisfaction in the May 2018 study than in the 2014 and 2017 studies. Staff members also indicated that their effectiveness at performing work requiring them to focus was similar to that reported in the 2014 baseline feasibility study.

16. Senior management perceived an increase in overall team productivity, whereas mid-level managers perceived a slight decrease. As was recorded in the May 2017 study, some mid-level managers appeared to still be adjusting to operating in the open work environment. The study concluded that more guidance on how to prepare their teams for working in an unassigned environment with a variety of space types was necessary. This is being developed.

17. The recommendations and follow-up actions from the May 2018 study are shown in table 2 below.

Table 2
Recommendations from the May 2018 study and follow-up actions

No.	*Recommendation*	*Project team follow-up*
1	Require more management engagement led by department leadership to build awareness among staff of the programme's principles, e.g. workspace as a shared resource, as well as to generate buy-in of the required protocols, e.g. clean desks, and behaviours, e.g. noise considerations.	The survey results were shared with management on the floors concerned, to reiterate the impact on staff satisfaction of adherence to the required protocols. The project team will continue to provide any further support required to departmental leadership as required.
2	Implement guidance for managers, in the form of in-person training and reference materials, on how to manage in an unassigned environment.	The project team is developing a training video aimed at mid-level managers on how to manage in a flexible workplace environment.
3	Promote long-term sustainability of a flexible workplace by establishing a standard flexible workplace onboarding process for new and transferred staff.	The project team will build on the existing onboarding video to develop a holistic onboarding guidance package that departments can implement on an ongoing basis.
4	Associate the flexible working arrangements more with the flexible workplace programme to maximize staff autonomy and satisfaction.	As noted under recommendation 2, further training materials to support managers in effectively managing by output, as required for the operation of flexible working arrangements and in a flexible workplace environment, are being developed.
5	Ensure that the types of storage options available to staff are suitable for their short- and long-term personal and departmental needs, and that information thereon is adequately communicated to staff.	Staff can now choose between three sizes for personal storage. Departmental focal points have been informed of this change.
6	Ensure the frequent, proactive monitoring of workspace and information technology and proper installation of technology infrastructure for fully productive use of space.	The Office of Information and Communications Technology has implemented a more proactive monitoring of workspace and information technology.
7	Incorporate performance feedback regarding workspace and information technology into construction details, e.g. feedback on acoustic privacy in enclosed booths, availability of technology or pantry odors.	For focus booths: missing phones and network cables have been replaced. For pantries: the awaited doors have been delivered and installed, which has cut down on noise and odors from the communal lounge areas.
8	Take a bigger step towards more digital work styles: enable easier digitization of documents and processes to make work simpler and smoother.	While the survey showed increased use of digital and electronic tools and working methods, further measures to enable digital work styles continue to be looked into. In this regard, the Office of Information and Communications Technology already hosts regular workshops at Headquarters to educate staff in the use of digital tools.

No.	Recommendation	Project team follow-up
9	Departments and offices need to establish a locker management process that would ensure, upon installation, that the default master combination would be reset to strengthen security. Management should also delegate responsibility for resetting lockers when staff members leave or transfer, as well as for assigning lockers to newcomers.	Guidance and instructions have been resent to the departmental focal points to communicate the information to staff of the offices and departments concerned.
10	Encourage greater use of the flexible workplace website as an additional staff resource for programme information.	It is intended that the flexible workplace website will be incorporated into the website of the Facilities and Commercial Services Division.

V. Flexible working arrangements and a flexible workplace

18. The implementation of a flexible workplace in a staggered approach has offered the Organization the opportunity to observe the needs of staff as they transition into new modes of working. As the Secretariat progresses to expanding the use of a flexible workplace, it is expected that the need to enhance the modalities of flexible working arrangements will become a priority. To this end, and based on the lessons learned from the 2013–2016 period, the Secretary-General's bulletin on flexible working arrangements has been revised to allow staff to work with the most flexibility. The enhanced modalities will allow managers and staff to use telecommuting arrangements in a way that is most suitable to their work context, which includes but is not limited to working from a remote location. In this regard, it is noted that the number of staff across the Secretariat availing themselves of flexible working arrangements in 2017 was approximately 4,100, as reported by departments.

19. Making use of the expanded flexible working arrangements as a strategic priority means taking the time to better understand the imperatives for managers and the challenges and aspirations of staff in order to develop a needs-focused flexible system of working arrangements that is aimed at increasing staff well-being, promoting a healthy work-life balance and ultimately improving staff effectiveness as a whole. Following wide consultations to increase the flexibility of modalities for such arrangements and ensure a clear approval workflow, including remote telecommuting for a period of up to six months, and with the understanding that the authorization to telecommute will not alter the manner in which staff members are managed and evaluated, the revised Secretary-General's bulletin on flexible working arrangements is due to be promulgated by the end of 2018.

20. Results have shown that staff members using flexible working arrangements are productive, more satisfied with their jobs and more motivated. Therefore, a communications plan is being implemented on best practices in the use of flexible working arrangements as part of the implementation of a new flexible workplace, supported by video messages by champions of the process who are demonstrating support and commitment to the use of flexible working arrangements and the technology available to help to support these initiatives. Results have also shown that demonstrated support and commitment from top management and senior leadership is crucial for supervisors to be able to fully implement the use of flexible working arrangements in their departments. Management's open support of flexible working arrangements will have a positive impact on staff commitment to the Organization.

21. Feedback received in the focus group sessions conducted in May 2018 and general feedback received from users over the past year confirms observations made in the previous progress report (see A/72/379, paras. 30–34) that groups of staff who use a flexible workplace show a noticeable increase in the use of telecommuting. Among the factors that appear to be contributing to this is the fact that the transition to a flexible workplace includes a number of aspects that facilitate telecommuting. Staff moving into a flexible workplace are equipped with laptop computers, work in unassigned workspaces, implement clean desk policies and show greater use of electronic communications such as instant messaging and desktop videoconferencing. The Office of Information and Communications Technology has also made advances in the implementation of web-based applications, which include authorization of storage of non-confidential documents in the "cloud". All of these factors tend to free staff from reliance on access to physical files and other localized resources, which in turn facilitates telecommuting. The actual uptake of telecommuting will depend on the degree to which the jobs and tasks performed lend themselves to remote working, the extent to which supervisors encourage or promote telecommuting and other team-related factors.

22. Further to the work done in 2017 to collect data resulting from the pilot group that worked in a flexible workplace over the period 2013–2016, which showed a pattern of preference of telecommuting over other modalities for working in a flexible workplace, additional advocacy initiatives will be implemented. Once the revised Secretary-General's bulletin is promulgated, the Organization plans to increase the advocacy of flexible working arrangements, especially among managers, to raise awareness of the advantages of flexible working modalities. The existing flexible working arrangements and flexible workplace webpages will be enhanced to guide both staff and managers on best practices for implementing the different modalities. Informational sessions will be organized and "pulse polls" will be integrated into the Human Resources Portal and iSeek to monitor the sentiments of staff and managers and issues such as work-life balance.

VI. Project costs

A. Analysis of project costs to date

23. As explained in the first progress report (see A/70/708, paras. 10 and 11), the project team developed the requirements for a construction contract and a systems furniture contract, both tailored to the needs of the project, using modular designs with fixed prices for design elements for the Secretariat Building floors that could be added or subtracted or otherwise adjusted according to the needs of user departments. Subsequently, following competitive tenders, both contracts were executed in May 2017. Both contracts have resulted in unit cost reductions. A comparison of the estimated costs and actual project costs per floor is shown in tables 3 and 4.

Table 3
Project unit costs: estimated average costs per floor
(United States dollars)

Report	*Construction*	*Systems furniture*	*Notes*
A/69/749	351 600.00	512 700.00	
A/70/708	1 102 700.00	421 900.00	
A/72/379	893 800.00	341 300.00	[a]

[a] Estimated unit costs based on tailored contracts.

Table 4
Project unit costs: actual costs per floor
(United States dollars)

Secretariat floor	*Date completed*	*Construction*	*Systems furniture*	*Notes*
18	Jun. 2016	890 954.03	403 125.00	[a]
19	Jun. 2016	1 042 051.50	419 580.00	[a]
13	Jun. 2016	984 738.67	506 280.00	[a]
12	Jul. 2017	805 367.00	306 114.90	[b]
20	Oct. 2017	764 178.88	340 361.79	[b]
21	Oct. 2017	823 639.00	436 688.18	
14	Feb. 2018	797 312.00	425 482.45	
30	Mar. 2018	820 978.00	391 546.34	
31	Apr. 2018	930 954.00	435 207.97	
17	May 2018	722 271.00	364 976.46	
7	Aug. 2018	602 656.00	440 154.57	[b]
11	Jul. 2018	776 483.00	384 715.08	
10	Aug. 2018	805 207.00	387 702.80	

[a] Used previously existing on-call contracts.
[b] Partial floor.

24. The average unit costs of all 13 floors reconfigured to date are $828,21[illegible] and $403,226 for construction and systems furniture, respectively. It is noted, however, that floors 13, 18 and 19 were implemented using on-call contracts, and floors 12 and 20 have either partial or unusual configurations; the average unit costs on full floors that used the tailored contracts, i.e. floors 10, 11, 14, 17, 21, 30 and 31, are $810,978 and $403,760 for construction and systems furniture, respectively.

B. Estimation of project costs for subsequently reconfigured floors

Table 5
Comparison of construction and system furniture costs for Secretariat floors
(United States dollars)

	A/69/749	*A/70/708*	*A/72/379*	*Current report*	*Difference*
			(a)	*(b)*	*(b)-(a)*
Construction	351 600	1 102 700	893 800	810 978	(82 822)
Systems furniture	512 700	421 900	341 300	403 760	62 460
Total unit full floor costs	**864 300**	**1 524 600**	**1 235 100**	**1 214 738**	**(20 362)**

25. The difference between the actual contract costs for implementation on one full floor versus the estimated contract costs shown in the previous report of the Secretary-General shows a slight reduction of $20,362, as indicated in table 5 above. This reflects adjusted quantities in construction work and furniture delivered. Nevertheless, two factors indicate it is desirable to continue to use these contracted unit prices to estimate the project costs of implementation on full floors going forward. Firstly, floors 12 and 20 were only partially reconfigured and thus were somewhat less costly. Secondly, the scope of reconfiguration work for subsequent

phases in 2019 and onwards continues to be subject to user requirements; therefore, the exact costs are still to be determined.

26. The present report continues to estimate unit costs per floor for subsequent phases on the basis of the unit costs of the tailored contracts executed in May 2017. With the addition of the 7th floor, however, it is anticipated that the cost of implementation of the project on a total of 27 floors of the Secretariat Building will fall within the same overall project cost for the previously planned 26 floors.

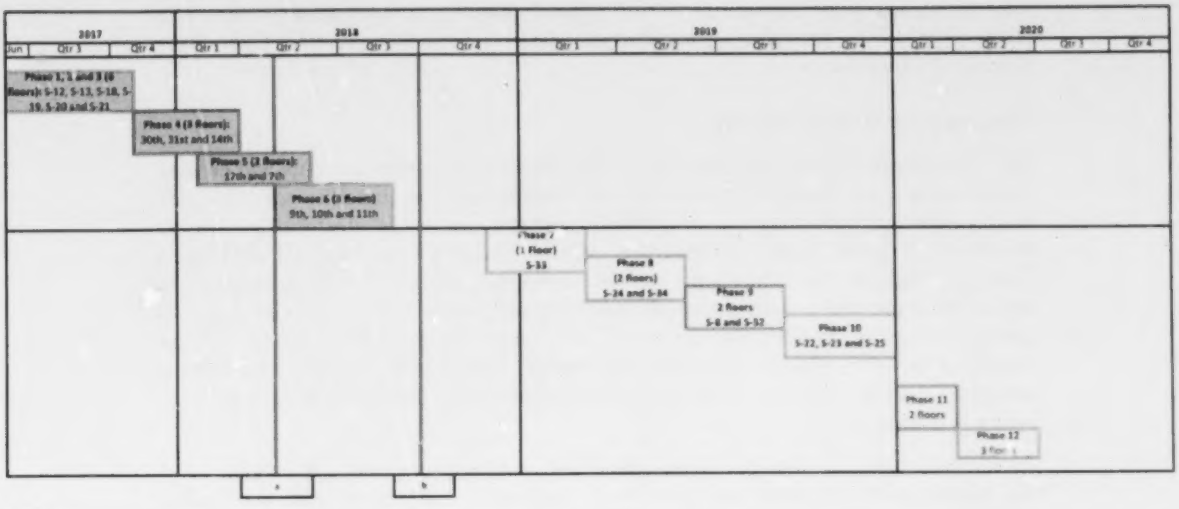
VII. Coordination with offices away from Headquarters and the regional commissions

27. As has been the practice since the flexible workplace project at headquarters began, the project team has been coordinating closely with offices away from Headquarters and regional commissions that are considering flexible workplace strategies as part of new construction or major renovation projects. The project team has provided guidance to offices away from Headquarters and regional commissions on approaches to studying the feasibility and applicability of implementing flexible workplace strategies coincident with their respective construction and renovation projects. In particular, the project team has provided guidance on how to conduct workplace utilization studies. Such studies have been conducted at the United Nations Offices at Geneva and Nairobi, the Economic Commission for Africa, the Economic and Social Commission for Asia and the Pacific and the Economic Commission for Latin America and the Caribbean.

VIII. Project plan for 2019 and onwards

28. As recommended by the Advisory Committee in its report (see A/72/7/Add.29, para. 11) and endorsed by the General Assembly in its resolution 72/262 A, section XI, paragraph 2, an updated detailed implementation plan is presented in figure II below for the full implementation of the project, which, subject to funding availability, extends into 2020. While the implementation of flexible workplace strategies is not solely about efficiency, as it is also designed to provide a modern office environment that fosters collaboration, the completion of the project in the Secretariat Building will deliver increased occupancy and hence space efficiency, thereby providing opportunities to make further reductions to the lease portfolio.

Figure II
Flexible workplace: full schedule through 2020 (tentative)



Note: The 7th and 12th floors of the Secretariat Building are partial floors. The programme will be implemented on 27 floors in total, but in terms of square footage the number of floors remains 26.

[a] 30 April 2018: United Nations Federal Credit Union Building vacated.

[b] 18 September 2018: Innovation Building to be vacated.

29. The previous report of the Secretary-General estimated that the project would deliver total additional capacity for 1,154 staff members from implementing a flexible workplace on 26 floors in the Secretariat building. As at September 2018, the project will have completed 14 floors and created extra capacity for 690 staff members in the Secretariat Building. Currently, this additional capacity is being and will be used to accommodate staff who have moved as a result of vacating the three commercially leased buildings, as shown in table 1 above. With the addition of the 7th floor, the estimate for total additional capacity on all 27 floors is 1,222 staff members (an increase of 68 from the original estimate of 1,154). In addition to the extra capacity of 690 already created, renovating the remaining 13 floors of the Secretariat Building subsequent to September 2018 would create further additional capacity for 532 staff.

30. Details concerning departments occupying floors before and after implementation of a flexible workplace and the capacities and actual occupancies of each floor are given in the annex to the present report.

Impact of reforms

31. A number of emerging factors will affect the overall requirement for real estate over the next few years, as the flexible workplace project is scheduled to finish. Decisions by the General Assembly on the implementation of the global service delivery model or on other proposals of the Secretary-General will affect office accommodation requirements for staff at United Nations Headquarters in New York.

32. The project has also adjusted its phased schedule to take into account organizational changes approved by the General Assembly with respect to the reform proposals of the Secretary-General in the areas of peace and security, the development system and management. For example, the restructuring of the Department of

Management and the Department of Field Support into the Department of Management Strategy, Policy and Compliance and the Department of Operational Support will require the relocation of groups of affected staff. Similarly, following decisions regarding the reform of the United Nations development system, the Secretariat will be providing office accommodation for the Development Operations Coordination Office.

Environmental sustainability

33. The flexible workplace project has inherent environmental benefits and creates opportunities to further improve the environmental sustainability of facilities management. By enabling the consolidation of the real estate portfolio into fewer buildings, it automatically lessens the negative environmental impact of United Nations Headquarters on the land, as well as on the climate. Total greenhouse gas emissions from the consumption of electricity and other utilities are expected to decrease over the life of the project, as a result of not only the reduced square footage occupied but also substitution by cleaner energy. The sites being vacated purchase electricity sourced from fossil fuel while the main campus purchases electricity from renewable sources.

34. The project has also provided opportunities to improve waste management at the source, with the introduction of best practices in alignment with the United Nations system environmental guidance and the host city's new business recycling laws in force as at August 2017. Centralized waste stations have been incorporated into the design of new floors, starting with the 20th floor, to improve waste separation at the source and reduce the number of plastic liners used for individual waste bins on traditional floors.

IX. Estimated project cost and resource requirements in comparison with previous reports

A. Revised estimated cost of the project

35. The costs and project plan for the implementation of a flexible workplace at Headquarters have been adjusted based on expenditures under the authorized funding of $12,700,600 for 2018.

36. The total cost of the project remains at $54,981,400, of which an amount of $21,648,500 was incurred during the period 2015–2017. The Secretariat does not expect any deviation from the authorized amount of $12,700,600 for 2018 expenditure. The actual expenditure in 2018 as at 31 July 2018 was $8,793,270.

37. The cost to complete the revised project schedule during the period 2019–2020, is $20,632,300, of which $12,700,600 would be required in 2019 (i.e. the remainder of the biennium 2018–2019) and $7,931,700 would be required in 2020.

38. A detailed year-by-year breakdown of the expenditures and estimated project costs is provided in table 6.

Table 6
Projected project cost by activity
(United States dollars)

Project cost, by activity	*2015[a]*	*2016[a]*	*2017[a]*	*2018[b]*	*2019[c]*	*2020[c]*	*Total*
Planning and design services	328 600	966 400	233 200	233 200	233 200	116 600	2 111 200
Secretariat Building reconfiguration and renovation	1 559 800	4 561 000	9 766 800	11 870 200	11 870 200	7 304 800	46 932 800
Swing space	3 104 200	–	–	86 900	86 900	–	3 278 000
Additional moves	26 300	–	–	–	–	–	26 300
Subtotal	**5 018 900**	**5 527 400**	**10 000 000**	**12 190 300**	**12 190 300**	**7 421 400**	**52 348 300**
Project supervision and management	202 000	430 000	470 200	510 300	510 300	510 300	2 633 000
Total	**5 220 900**	**5 957 400**	**10 470 200**	**12 700 600**	**12 700 600**	**7 931 700**	**54 981 400**

[a] 2015–2017 figures are of actual expenditure.
[b] The 2018 figure is the combination of actual expenditure and projected costs (on 31 July 2018, actual expenditure was $8,793,270 and the remaining projected balance was $3,907,330).
[c] 2019–2020 figures are projected costs.

39. The costs of the remaining activities of the revised project in 2019 and 2020 are estimated at $20,632,300, comprising: planning and design services ($349,800), reconfiguration of the Secretariat Building ($19,175,000), maintenance of swing space ($86,900) and the project team ($1,020,600), as described in detail below.

Contractual project planning ($349,800)

40. The remaining estimated costs are based on contracted rates for project planning and change management services. This involves in-depth engagement with the affected departments in each project phase to undertake the work-needs analyses that will inform the design of each floor, and the drafting of communications and presentation materials for outreach to departments and staff.

Secretariat Building reconfiguration and implementation costs ($19,175,000)

41. The remaining estimated costs for the Secretariat Building are based on a similar scope, the new contracted rates obtained through competitive bidding and 2018 estimated expenditure. With 15 floors completed between 2016 and 2018, 12 floors remain to be reconfigured as follows: 7 floors in 2019 and the final 5 floors in 2020.

Swing space ($86,900)

42. Swing space comprises 20,000 square feet in the third basement of the General Assembly Building. The amount of $86,900 includes provision for cleaning and ensuring operations in 2019.

Project management ($1,020,600)

43. The current flexible workplace project management team, as approved by the General Assembly in its resolution 69/274 A, consists of one Project Manager (P-5), one Design and Construction Manager (P-4) and one Administrative Assistant (General Service (Other level)).

B. Proposed funding of the project

44. The requirements for the implementation of a flexible workplace at Headquarters for the remainder of the biennium 2018–2019 amount to $12,700,600. The implementation of the project during the period 2016–2018 has allowed the Secretariat to relinquish three commercial leases (for the Daily News, Court Square (United Nations Federal Credit Union) and Innovation Buildings) in 2017 and 2018. This will result in reduced rental costs in the biennium 2018–2019 in the amount of $18.8 million ($4.9 million in 2018 and $13.8 million in 2019), as shown in table 7.

Table 7
Resource requirements by biennium: expected project cost and reduction in rental costs

(United States dollars)

Period	*Project costs*	*Savings in rental costs compared with budgeted costs*	*Required appropriation*
2015	5 220 900	–	5 220 900
2016–2017	16 427 600	(1 613 700)	14 813 900
2018–2019	25 401 200	(18 814 600)	6 586 600
2020	7 931 700		7 931 700

Self-financing options

45. After consideration of the previous report of the Secretary-General, the General Assembly decided that project and swing space costs for 2018 would be absorbed within the proposed programme budget for 2018–2019. In this context, the project costs for 2018 are being absorbed through the anticipated reductions in rental costs for the biennium. As a funding mechanism, however, this approach is dependent on (a) the duration of the budget period and (b) at what point during that budget period leases that may no longer be required because of the implementation of the project will expire. If one or more sizable leases expires early on in the budget period, then there may be substantial unspent rental funds available. If, however, leases do not expire until later in the budget period, there may be much less in unspent rental funds.

46. While implementation of further phases of the project could technically be delayed until unspent rental funds within a future budget period are realized, this is deemed inadvisable for a number of reasons. Firstly, the existing tailored contracts for construction and systems furniture would have to be renegotiated, which would likely result in cost escalation and additional mobilization costs. There would also be either additional costs resulting from continuation of the work of the project team during periods of inactivity, or delays and costs as a result of restarting the work of the project team were it to be temporarily discontinued.

47. As noted in the previous report of the Secretary-General (see A/72/379, table 6 and para. 56), savings in rental costs of $18,814,600 are estimated for the biennium 2018–2019. As such, during that biennium, the majority of the project costs of $25,401,200 can be met through the use of the savings of $18,814,600 in rental costs, leaving remaining funding requirements of $6,586,600 that need to be appropriated in order to proceed to the next phases of the project in 2019.

C. Savings in rental costs

48. During the period of full implementation of the flexible workplace project over the six-year period from 2015 to 2020, the Organization would save $57.8 million in

rental costs to the end of 2021. This amount would otherwise have been incurred by the Organization if it had not terminated the leases of three commercial buildings. Implementation of the project would therefore result in net savings in the amount of $2.8 million to the Organization over the period 2015–2021 (see table 8).

Table 8
Comparison of project costs and rental costs
(United States dollars)

Period	*Project costs*	*Rental costs that would otherwise have been incurred during this period*	*Cost net savings*
2015	5 220 900	–	(5 220 900)
2016–2017	16 427 600	1 613 700	(14 813 900)
2018–2019	25 401 200	23 655 700	(1 745 500)
2020	7 931 700	16 275 950	8 344 250
2021	–	16 275 950	16 275 950
Total	**54 981 400**	**57 821 300**	**2 839 900**

49. After completion of the project, the annual reduction in rental costs resulting from the termination of the three leases, based on current lease figures, would total $16,275,950.

X. Project next steps and resource requirements

50. Subject to approval by the General Assembly, the Secretariat would:

(a) Continue to implement further phases of the flexible workplace project as indicated in the schedule shown in section VIII and in accordance with the project cost plan in section IX above;

(b) Continue advocacy and engagement with Headquarters departments and staff to promote leadership and ensure that the project benefits and positive outcomes are achieved;

(c) Continue to incorporate lessons learned from implemented phases into subsequent project phases;

(d) Continue to advise project owners to ensure that flexible workplace strategies are an integral part of the planning and design phases of ongoing global capital projects, that targets and efficiencies to be expected from the implementation of a flexible workplace are established and lessons learned and best practices are shared with offices away from Headquarters and regional commissions.

XI. Actions requested of the General Assembly

51. **The General Assembly is requested:**

(a) **To approve the implementation of further phases of the project as indicated in the schedule shown in section VIII and in accordance with the project cost plan in section IX;**

(b) **To approve the continuation of three temporary positions (1 P-5, 1 P-4 and 1 General Service (Other level)) for the project team;**

(c) To authorize the Secretary-General to enter into commitments up to the amount of $12,700,600 in respect of the project costs in 2019;

(d) To appropriate the amount of $6,586,600 under section 29D, Office of Central Support Services, of the programme budget for the biennium 2018–2019, which would represent a charge against the contingency fund;

(e) To request the Secretary-General to submit the next report to the General Assembly at the main part of its seventy-fourth session.

Annex

Capacity of the Secretariat Building floors before and after the implementation of flexible workplace

	Occupying department(s)		*Reconfiguration schedule*		*Designed capacity*			*Achieved capacity*		
Floor	*Pre-project*	*Post-project*	*Start*	*End*	*Pre-implementation*	*Post-implementation (based on preliminary design)*	*Increase*	*Post-implementation actual*	*Post-implementation increase*	*Current headcounts[a]*
37	Executive Office of the Secretary-General	Executive Office of the Secretary-General	2020	2020	81	81	0			
36	Office of Legal Affairs	Office of Legal Affairs	2020	2020	93	93	0			
35	Department of Peacekeeping Operations and Department of Political Affairs	Department of Peacekeeping Operations and Department of Political Affairs	2020	2020	96	147	51			
34	Department of Peacekeeping Operations and Department of Political Affairs	Department of Peacekeeping Operations and Department of Political Affairs	2019	2019	89	130	41			
33	Office for the Coordination of Humanitarian Affairs	Office for the Coordination of Humanitarian Affairs	2018	2019	85	130	45			
32	Department of Management, Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States and Office of the Special Adviser on Africa	Department of Management, Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, and Office of the Special Adviser on Africa	2019	2019	79	133	54			

	Occupying department(s)		Reconfiguration schedule		Designed capacity			Achieved capacity		
Floor	Pre-project	Post-project	Start	End	Pre-implementation	Post-implementation (based on preliminary design)	Increase	Post-implementation actual	Post-implementation increase	Current headcounts[a]
31	Office for Disarmament Affairs, Office of the Special Representative of the Secretary-General for Children and Armed Conflict and Office of the Special Representative of the Secretary-General on Sexual Violence in Conflict	Office of the Special Representative of the Secretary-General on Sexual Violence in Conflict, Office of the Special Adviser to the Secretary-General on the Prevention of Genocide and Office of the United Nations High Commissioner for Human Rights	Complete	Complete	92	125	33	140	48	117
30	Department for General Assembly and Conference Management and Peacebuilding Support Office	Department for General Assembly and Conference Management and Office for Disarmament Affairs	Complete	Complete	82	130	48	132	50	109
29	Department of Economic and Social Affairs	Department of Economic and Social Affairs	2020	2020	73	108	35			
28	Mechanical	Mechanical								
27	Meeting rooms	Meeting rooms								
26	Department of Economic and Social Affairs	Department of Economic and Social Affairs	2020	2020	91	135	44			
25	Department of Economic and Social Affairs	Department of Economic and Social Affairs	2019	2019	86	135	49			
24	Department of Political Affairs	Department of Political Affairs	2019	2019	92	147	55			
23	Department of Peacekeeping Operations	Department of Peacekeeping Operations	2019	2019	91	137	46			
22	Department of Peacekeeping Operations	Department of Peacekeeping Operations	2019	2019	90	137	47			
21	Department of Management (Office of Programme Planning, Budget and Accounts)	Department of Management (Office of Programme Planning, Budget and Accounts)	Complete	Complete	89	140	51	139	50	121

Floor	Occupying department(s)		Reconfiguration schedule		Designed capacity			Achieved capacity		Current headcounts[a]
	Pre-project	Post-project	Start	End	Pre-implementation	Post-implementation (based on preliminary design)	Increase	Post-implementation actual	Post-implementation increase	
20	Department of Management (Office of Central Support Services and Office of Programme Planning, Budget and Accounts)	Department of Management (Office of Central Support Services and Executive Office)	Complete	Complete	79	140	61	119	40	116
19	Department of Management (Office of Human Resources Management)	Department of Management (Office of Human Resources Management)	Complete	Complete	89	140	51	138	49	135
18	Department of Management (Office of Human Resources Management)	Department of Management (Office of Human Resources Management)	Complete	Complete	87	140	53	140	53	136
17	Department of Field Support	Department of Field Support	Complete	Complete	90	140	50	140	50	127
16	Mechanical	Mechanical								
15	Meeting rooms	Meeting rooms								
14	Department of Field Support	Department of Field Support	Complete	Complete	88	140	52	140	52	137
13	Department of Management (Office of Information and Communications Technology) and Office of the United Nations High Commissioner for Human Rights	Department of Management (Office of Information and Communications Technology)	Complete	Complete	74	125	51	130	56	110
12	Department for General Assembly and Conference Management	Department for General Assembly and Conference Management	Complete	Complete	67	135	68	135	68	95
11	Department of Public Information	Department of Public Information	Complete	Complete	89	137	48	140	51	115
10	Department of Public Information	Department of Public Information	25 May 2018	24 Aug. 2018	85	127	42	140	55	132

	Occupying department(s)		*Reconfiguration schedule*		*Designed capacity*			*Achieved capacity*		
Floor	*Pre-project*	*Post-project*	*Start*	*End*	*Pre-implementation*	*Post-implementation (based on preliminary design)*	*Increase*	*Post-implementation actual*	*Post-implementation increase*	*Current headcounts*[a]
9	Department of Public Information	Department of Public Information	7 June 2018	7 Sep. 2018	77	108	31	140	55	
8	Department of Safety and Security	Department of Safety and Security	2019	2019	79	127	48			
7	Department of Safety and Security, United Nations Operations and Crisis Centre and Department of Public Information	Department of Safety and Security, United Nations Operations and Crisis Centre, Department of Peacekeeping Operations and Department of Public Information	Complete	Complete	72	Not part of the original planning	Not part of the original planning	140	68	104
Total					**2 285**	**3 367**	**1 154**	**1 913**	**690**	**1 554**

[a] Current projected totals and numbers achieved to date.